



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 8/20/2004

GAIN Report Number: CH4030

China, Peoples Republic of

Tree Nuts

Annual

2004

Approved by:

Casey Bean
U.S. Embassy, Beijing

Prepared by:

Wu Bugang

Report Highlights:

China's tree nut production decreased in 2003 due to a down year in production cycle, even if the acreage continued to increase. The 2004 production is expected to reach new high with walnut production reaching around 350,000 MT. Demand for tree nuts remains strong, yet high market prices restrict imports and consumption. Efforts are needed to change people's perception of tree nuts as a snack food to a health food.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Beijing [CH1]
[CH]

Table of Contents

Executive Summary	3
Production	3
Consumption	5
Prices	6
Trade	7
Trade tables	8
Policy	11
Marketing	12

Executive Summary

Tree nut planting acreage continues expanding as driven by an existing national program for converting cropland into forest as well as a government support policy for planting economic crops to generate farmers' income. Official statistics on tree nut planted area are not available, but China estimates to produce around 320,000 MT of walnuts in 2003. Production of other tree nuts (almonds, pistachios, cashews, hazelnuts) is very limited.

With improved breeding and grafting technologies, China was able to export higher quality walnuts to the world. Other tree nut production has not reached commercial volume for exports. Chinese importers and processors import nuts, including walnuts, to accommodate the domestic needs or to re-export after processing.

The world market prices for tree nuts have been at high levels this marketing year that began in October 2003. This has made Chinese importers reduce their purchase amount, as Chinese consumers remain price conscious, particularly when tree nuts are often times viewed as snack foods rather than staple foods or health foods.

Although being price sensitive, Chinese consumers are paying more attention to health and food safety. If education is made to promote tree nuts as a health food, the consumption is expected to increase. Encouragement and training of using tree nuts in a more variety of foods seems to be another effective tool to boost consumption. Tree nuts are consumed mainly in coastal and large cities. Efforts could also be made to target markets in less developed areas in northeast, northwest, and southwest, when disposable income grows there.

Although China will continue lowering tree nut tariffs slowly and marginally after the duties reach the final bound rate in 2004 as committed to in China's WTO accession document, in-shell tariff for some tree nuts remain much higher than shelled. The U.S. industry people believed that removal of such difference would boost the import of in-shell nuts like almonds. Some importers complain the China Customs determine taxable prices for tree nuts based on individual assessment rather than contracts.

Production

Walnut Production by Province, 1996-2003 (Volume: Metric Tons)								
Province	1996	1997	1998	1999	2000	2001	2002	2003*
Yunnan	55,448	58,709	57,168	60,452	68,788	68,568	74,664	61,200
Shanxi	34,236	37,376	40,365	39,724	46,988	40,215	39,382	38,400
Sichuan	27,720	23,409	28,711	23,842	32,095	32,744	70,534	65,000
Hebei	21,742	27,905	29,441	30,365	30,102	28,761	30,613	30,200
Henan	13,534	12,898	12,248	13,428	17,143	13,387	15,271	13,000
Xinjiang	6,695	7,213	8,362	15,779	11,523	11,727	12,987	11,800
Shaanxi	30,433	26,222	32,519	33,340	34,498	10,596	34,779	33,300
Others	20,025	27,517	27,481	37,230	37,777	46,349	61,944	67,100
Total	237,989	249,834	265,121	274,246	309,875	252,347	340,174	320,000
*2003 Provincial and national production estimated by Ag. Affairs Office								
1996-2002 Source: National Statistics Bureau								

China's 2004 walnut production is forecast at around 350,000 MT under this year's normal weather conditions. Preliminary estimates for 2003 walnut production released by the State Statistics Bureau put production at 391,000 MT. Industry sources, however, estimate China's commercial production of walnuts would not exceed 300,000 MT. Given the high prices of walnuts throughout the current marketing year and an expected down year in the production

cycle, this office estimates 2003 walnut production is around 320,000 MT. Official statistics indicate 2002 production reached 340,170 MT. With more walnuts trees planted and improved tree management and grafting techniques, the production is expected to increase year by year, keeping China's share of world walnut production greater than 40 percent.

Collection of production data in China is not an easy task as many walnut trees are planted on sloped lands or around farmers' houses, except in northern China's relatively plain areas, such as Shanxi, Shaanxi and Hebei, where large scale commercial groves are found. Chinese authorities never released official data on walnut acreage. It is believed that the planted area of walnuts has been increasing year by year through a national program of conversion of cropland into forest, and walnut trees are among such forest.

Specialists also attribute the increase of walnut plantation to government supportive policy of planting economic crops (fruit and tree nuts) to generate more income for farmers. In Yunnan, the top walnut producing province in China, walnut acreage increased from 307,000 hectares in 2001 to 400,000 hectares in 2003, a jump of around 30%. Another major producer, Xinjiang, in northwestern China projects total provincial walnut area of 160,000 hectares by 2020, while current planted area is 107,000 hectares.

China has a long history of planting walnuts and, except for Guangdong, Jiangxi, and some cold areas in northern China, walnut trees are grown throughout the country. Over the past 50 years, Chinese farmers and scientists have successfully developed techniques in seed selection, variety introduction, breeding, grafting and yield-increasing, thus significantly enhancing walnut production and quality. Planting walnut trees in between other crops, such as grains or vegetables, has become a common practice in many places. Yunnan leads the country in walnut production in terms of quantity and quality. Other key walnut producing provinces include Sichuan, Shaanxi, Shanxi, and Hebei.

Northern walnut varieties belong to Regia type and southern walnuts are from traditional black walnut type (Sigillata). Scientists have developed many new varieties through crossbreeding the north and south varieties to fit in local ecological or economical conditions. The crossbred varieties feature high yields, thin shells, pest resistance, and some other desirable traits. Research continues for new varieties such as lower trunks that allow for denser plantation and easier picking and varieties that can be used for timber, as well.

Harvest, depending on the different climate and walnut variety, normally begins in mid-August to mid-September. Nearly all walnut harvest is conducted by hand as machines are not suitable or necessary for gathering nuts on mountains/hills and across scattered plantations. Individual farm/grove yields are low, as well, due to a lack of management/treatment of walnut groves and therefore do not necessitate machine harvesting.

Other official tree nut production data does not exist and most other production volumes are minor. These nuts are only consumed domestically and in most cases in the production area. Industry sources estimate China's 2003 commercial almond production was a mere 150 MT in Xinjiang province. Xinjiang Forestry Bureau officials indicate almond acreage reached 10,000 hectares and many trees are bearing fruit. The provincial authority is targeting some 20,000 hectares by 2020. Cashews are grown in southern China's Hainan province with a production of 2,500 MT per year. China does produce hazelnuts and Macadamia nuts but the quantity is very limited. Industry estimates stood at 200 MT and 300 MT, respectively, in 2003. Pistachio production data is unavailable, but a Xinjiang forestry official claims there were over 3,000 hectares of pistachios being planted in the region. Pecan production is in experimental stages and academics in Yunnan showed great interest in facilitating pecan plantation in the province, which they believe would have a great market potential. The

Yunnan academics are seeking assistance from U.S. researchers for improvements in planting techniques.

Consumption

In China, walnuts have long been considered a health/nutrition food. Among some particular groups, such as the elderly and students, or in some places like Shanghai, walnuts are particularly favored, as consumers believe the food would benefit their brain/hair and health in general. As people pay more attention to their health as income rises, they are willing and able to invest more in health/nutritional foods such as walnuts.

Because of their relatively short history of introduction, and higher prices than that of walnuts, other tree nuts, including almonds, pistachios, hazelnuts, and, lately macadamia nuts, are consumed as snack foods rather than health foods. People, particularly urban residents, would like to take such high-end snack foods in addition to traditional snack foods such as peanuts and melon/sunflower seeds. Tree nuts are mainly consumed in major cities like Beijing, Shanghai, and Guangzhou.

Chinese people have a tradition of eating snack food during festivals such as Chinese Lunar New Year (Spring Festival). They also tend not to eat much nut products in hot summer time due to health concern. Therefore, tree nuts peak consumption season is from the Mid-Autumn Festival to the Spring Festival (September to February). Consumption during this period is twice as much as that consumed in other months.

Consumers prefer in-shell nuts, as they believe they are more sanitary and cheaper. Chinese consumers are very price-sensitive about tree nuts. Because tree nuts are considered more of a snack food, people can always look to other choices when prices are beyond their expectations. Additionally, volume sold in bulk form is much larger than sold in packages due to price factors.

Tree nuts are also consumed by confectionary and beverage sectors. An increasing number of bakers, confectionary and beverage plants are using tree nuts as an ingredient in their products such as breads, cakes, chocolate, and drinks. However, except for large hotels and fancy restaurants, manufacturers tend to use cheaper materials (e.g. walnuts and peanuts), in their food products to lower the cost.

Again as people's income grows and, especially in western regions, and the concept of viewing tree nuts as a health food takes root, consumption is expected to increase. Availability of more types of nut products (more flavors and application in more food varieties as an ingredient) would help boost the nut consumption as well.

Prices

(USD 1 equals RMB 8.265)

For 2003 marketing year, walnuts prices, particularly in southern producing areas, have remained strong due to a smaller crop last year. This is reflected by the wholesale market prices published on China's Ministry of Agriculture web site (<http://www.agri.gov.cn>). As a result, export prices edged up over the levels of the previous year. The following table provides price trends of in-shell walnuts at wholesale markets in different provinces. Also included are import and export prices of walnuts over this marketing year.

Wholesale prices for in-shell walnuts

Walnuts (RMB/kg)	2003	2003	2003	2004	2004	2004	2004	2004	2004	2004
Market	Oct.8	Nov.3	Dec.2	Jan.2	Feb.2	Mar.2	Apr.2	Apr.30	Jun.1	Jul.1
Beijing	10	9			12	12		9.4	9.4	9.4
Tianjin	10	10	10	8.8	8.8	9.8	9.8	9.8	9.8	9.8
Shandong	11	11		11	11	12	12	12	13	13
Hubei	7.6	8	10	10	10	10				
Heilongjiang	6.5	6.2	10	10		10	10	9		10
Hebei			8.4	9		9	11	11		
Jiangsu				8	22	8	8	9	9	9
Guizhou					11.5	9.5		16	16	16

Source: Ministry of Agriculture

Export prices of walnuts

Exports (Volume: Metric Tons, Value: USD/kg)	10/2002-6/2003		10/2003-6/2004	
Description	Quantity	Avg Price	Quantity	Avg Price
Walnuts, fresh or dried, in shell	1,703	1.18	766	1.24
Walnuts, fresh or dried, shelled	7,504	3.02	8,284	2.99
Walnut meat, prepd, in airtight containers	777	4.33	585	3.98

Source: China Customs

Import prices for walnuts

Imports (Volume: Metric Tons, Value: USD/kg)	10/2002-6/2003		10/2003-6/2004	
Description	Quantity	Avg Price	Quantity	Avg Price
Walnuts, fresh or dried, in shell	462	1.27	160	1.03
Walnuts, fresh or dried, shelled	301	2.13	601	2.43
Walnut meat, prepd, in airtight containers	0	0.0	0	0.0

Source: China Customs

Trade

China only exports walnuts that are produced locally. In addition, the country imports walnuts for domestic consumption. For other nuts, as discussed earlier, it will probably take years before China is able to reach commercially viable volumes for exports. The export data of these other tree nuts reflected in the trade tables mainly demonstrates China's re-export of processed nuts.

Imported walnuts and almonds mainly accommodate the domestic markets, while a significant amount of pistachios are imported for processing and re-export. As an emerging market, although the demand of tree nuts is growing, Chinese consumers are very sensitive about prices, particularly when it comes to such high-end snack foods as tree nuts. The world market prices for tree nuts have been standing at high levels for this marketing year, and as a result, Chinese importers had cut their imports for most nuts.

Some places in China, such as Yunnan, produce high quality walnuts. The country exports around 10,000 MT of walnuts each year. The export markets are Europe (e.g. the U.K. and Germany), Canada, Australia, neighboring countries (Japan, N. Korea, etc.) and the Middle East. The United States dominates China's walnuts imports (nearly 95%). Traders indicate that U.S. walnuts sizes are more uniform and look smoother than Chinese nuts. Unlike Chinese walnuts, which taste a bit astringent, the U.S. walnuts taste better. It appears that China's imports of shelled walnuts in the marketing year up to June were increasing and in-shell walnut imports were decreasing, likely because the tariff for shelled walnuts (20%) had been cut further compared with in-shell walnuts (25%) beginning in 2004.

The United States again is the largest supplier of almonds to China (902 MT out of 1,079 MT in the first three quarters of the marketing year). A minor quantity was imported from central Asia and Pakistan. The import volume of almonds dropped by more than 50% in the marketing year up to June over the same period of last year. As mentioned earlier, Chinese consumers are price-sensitive. When prices go up, especially for snack foods, they stop buying or choose alternates. It seems traders tend to shift imports of almonds from in-shell to shelled, possibly due to higher duties for in-shell (24%) than shelled (10%) almonds.

Vietnam remains the single largest exporter of cashews to China. However, China sharply reduced its cashew imports for Vietnam by 90% this year. Some Chinese importers are mulling to shift imports from Vietnam to other countries, such as Thailand. Even though these countries produce lower quality cashews, but they offer better prices.

Iran outnumbers the U.S. on market share of imported pistachios in China for the past two years due to cheaper prices. In the first three quarters of this marketing year, Iran exported 5,817 MT (72%) of pistachios to China, and the U.S. shipped 2,153 MT (27%).

Turkish companies promoted its hazelnuts to the China market, yet their exports to China declined to 196 MT in this marketing year until June, down sharply from the same period of last year (991 MT). The U.S. regained the top seat in hazelnut exports to China with 505 MT (71%) in this marketing year. One trader indicated that the U.S. hazelnuts tasted a lot better than Turkish hazelnuts that are imported mainly for making chocolates.

Unlike other tree nuts, China imported much more macadamia nuts this marketing year until June (5,012 MT) than the corresponding period of last year (3,041). Australia (2,886 MT) remained the top exporter of macadamia nuts to China in the first three quarters of the marketing year, but Kenya is quickly catching up (1,861 MT) as their product is priced lower than Australia.

A majority of tree nuts are shipped to southern China, Guangdong in particular, as many processors are located in this area where imported nuts are processed, packaged and distributed to other countries or other parts of China.

China Customs statistics do not reflect the actual import volume as a fair amount of nuts may be moved into China through one way or another.

Trade tables

Walnut Trade by Marketing Years (Volume: MT, Value: Million USD)

Imports from world		10/00-9/01		10/01-9/02		10/02-9/03	
		Volume	Value	Volume	Value	Volume	Value
080231	Walnuts, fresh or dried, in-shell	332	0.25	879	0.58	485	0.63
080232	Walnuts, fresh or dried, shelled	35	0.04	27	0.05	420	0.89
20081910	Walnut meats, prepd, in airtight containers	0.07	0.001	0.0	0.00	0.0	0.00
Exports to the world		10/00-9/01		10/01-9/02		10/02-9/03	
		Volume	Value	Volume	Value	Volume	Value
080231	Walnuts, fresh or dried, in-shell	1,411	1.66	1,146	1.26	1,703	2.00
080232	Walnuts, fresh or dried, shelled	9,855	27.81	6,021	17.47	8,069	24.42
20081910	Walnut meats, prepd, in airtight containers	700	2.70	643	2.86	982	4.14

Source: China Customs

Walnut Trade by Marketing Year to Date (Volume: MT, Value: Million USD)

Imports from world		10/02-6/03		10/03-6/04	
		Volume	Value	Volume	Value
080231	Walnuts, fresh or dried, in-shell	462	0.59	160	0.16
080232	Walnuts, fresh or dried, shelled	301	0.64	601	1.46
20081910	Walnut meats, prepd, in airtight containers	0.0	0.0	0.0	0.0
Exports to world		10/02-6/03		10/03-6/04	
		Volume	Value	Volume	Value
080231	Walnuts, fresh or dried, in-shell	1,703	2.0	766	0.95
080232	Walnuts, fresh or dried, shelled	7,504	22.67	8,284	24.75
20081910	Walnut meats, prepd, in airtight containers	777	3.37	585	2.33

Source: China Customs

Tree nuts imports and exports (volume: MT, value: Million USD)							
		10/00-9/01		10/01-9/02		10/02-9/03	
Imports		Volume	Value	Volume	Value	Volume	Value
080131	Cashew nuts, fresh or dried, in-shell	397	0.26	204	0.07	48	0.10
080132	Cashew nuts, fresh or dried, shelled	3,399	6.09	6,824	12.43	5,878	9.14
080211	Almonds, fresh or dried, in-shell	2,869	1.82	2,989	1.79	2,159	2.15
080212	Almonds, fresh or dried, shelled	815	0.90	2,368	1.84	549	1.55
080221	Hazelnuts/Filberts, fresh or dried, in-shell	3,637	1.76	8,534	4.17	1,542	1.46
080222	Hazelnuts/Filberts, fresh or dried, shelled	101	0.26	162	0.41	417	1.10
080250	Pistachios, fresh or dried, shelled or not	11,388	7.28	9,461	6.96	9,982	11.86
08029049	Hawaiian nuts excl. seed, fresh or dried	7,516	2.40	6,782	2.00	5,878	4.41
Exports		Volume	Value	Volume	Value	Volume	Value
080131	Cashew nuts, fresh or dried, in-shell	1	0.001	10	0.01	0	0.00
080132	Cashew nuts, fresh or dried, shelled	144	0.34	74	0.16	17	0.03
080211	Almonds, fresh or dried, in-shell	0.5	0.00	0	0.00	0	0.00
080212	Almonds, fresh or dried, shelled	180	0.16	502	0.45	71	0.07
080221	Hazelnuts/Filberts, fresh or dried, in-shell	3	0.01	90	0.11	90	0.07
080222	Hazelnuts/Filberts, fresh or dried, shelled	10	0.03	0	0.00	11	0.01
080250	Pistachios, fresh or dried, shelled or not	1,266	1.21	2,075	1.87	1,370	2.27
08029041	Hawaiian nuts seed, fresh or dried	20	0.01	0	0.00	0	0.00
08029049	Hawaiian nuts excl. seed, fresh or dried	1,197	1.82	886	0.97	825	1.40
Source of data: China Customs							

Tree nuts imports and exports (volume: MT, value: Million USD)					
		10/02-6/03		10/03-6/04	
Imports		Volume	Value	Volume	Value
080131	Cashew nuts, fresh or dried, in-shell	40	0.08	80	0.01
080132	Cashew nuts, fresh or dried, shelled	5,258	7.96	560	1.15
080211	Almonds, fresh or dried, in-shell	2,028	1.97	448	0.92
080212	Almonds, fresh or dried, shelled	451	1.17	631	2.16
080221	Hazelnuts/Filberts, fresh or dried, in-shell	1,493	1.37	573	1.50
080222	Hazelnuts/Filberts, fresh or dried, shelled	324	0.82	143	0.56
080250	Pistachios, fresh or dried, shelled or not	7,789	8.64	8,098	13.99
08029049	Hawaiian nuts excl. seed, fresh or dried	3,041	1.58	5,012	3.58
		10/02-6/03		10/03-6/04	
Exports		Volume	Value	Volume	Value
080131	Cashew nuts, fresh or dried, in-shell	0.0	0.0	0.0	0.0
080132	Cashew nuts, fresh or dried, shelled	15	0.02	10	0.02
080211	Almonds, fresh or dried, in-shell	0.0	0.0	0.0	0.0
080212	Almonds, fresh or dried, shelled	71	0.07	0.0	0.0
080221	Hazelnuts/Filberts, fresh or dried, in-shell	83	0.06	64	0.05
080222	Hazelnuts/Filberts, fresh or dried, shelled	11	0.01	0.0	0.0
080250	Pistachios, fresh or dried, shelled or not	772	1.39	2,848	3.96
08029041	Hawaiian nuts seed, fresh or dried	0.0	0.0	0.0	0.0
08029049	Hawaiian nuts seed, fresh or dried	491	0.50	432	1.51
Source: China Customs					

Policy

Beginning in 1999 China launched the Program for Conversion of Cropland to Forest (also translated as Sloped Land Conversion Program) in the upper reaches of the Yellow and Yangtze rivers (western China) to improve ecology, encourage economic prosperity and increase the long-term welfare of rural residents. The central government provides grain, cash, and seedlings to farmers to convert their cropland into forest or plant new trees on barren mountains or wasted land. By the end of 2002, the program had seen a total of 6.5 million ha of trees/grass planted. If ecologically and economically appropriate, economic trees (fruit or nut) can be planted. Because of easier management and high economic returns, walnuts are one of the economic forest crops welcomed by farmers. In Yunnan, the government provides 2,700 yuan per hectare to farmers for planting walnuts. Although an official data breakdown is not available, it is believed that a certain number of nut trees have been planted each year through this program. In an effort to encourage farmers to grow more economic tree crops, the government announced its intention to eliminate the specialty agricultural tax in the next three years.

China's import tariff for tree nuts reached the final bound rate in 2004 as committed to in its tariff reduction schedule of the WTO accession protocol, except for shelled cashew nuts that will see its import tariff cut to 10.0% in 2005 from 13.3% in 2004. A China Customs official indicated, however, that China would further reduce its tariff for imported nuts after 2004, but slowly and marginally. The trade community complains that China maintains a higher tariff for in-shell almonds (24%) than shelled ones (10%). The U.S. almond industry claims the reduction of import duties for in-shell almonds would greatly boost imports of U.S. almonds. The customs official admitted that the tariff basis for some products, such as almonds, might not have been determined rationally in the first place due to historical factors. Unless a strong justification is provided to show otherwise, the tariff rate will be adjusted according to schedule. Unlike the U.S., China still regards duties as an important source of revenue, the customs official added. Aside from tariffs, importers need to pay 13%-17% VAT after having paid the tariff (see 2003 Tree Nuts Annual Report for tariff and VAT details).

Chinese importers pointed out the main obstacle to nut imports was the fact that customs officials determine taxable prices on the basis of their own assessment instead of contractual prices, which often times result in importers having to pay more taxes even though the tariff levels are declining. Some importers therefore delivered shipments to their customers in Hong Kong. Industry people indicated that a fair amount of nuts had crossed the border through "gray channels." Chinese authorities tightened management on customs clearance this year in a bid to crack down on smuggling. Some processors even stopped importing nuts due to high import duties. Traders express interest that China Customs practices would become more transparent by adopting uniform and reasonable taxable prices for imported nuts so that people would not take the risk of smuggling.

Other trade impacts include Chinese banks refusal to grant loans for processors lacking credit. Bonded trade, i.e., processing for re-export, processors have to pay a deposit equivalent or larger than the combined import duties and VAT until the processed products are exported. This requirement creates a financial burden for the enterprise and hence limits their import amount.

Marketing

After farmers' harvest, husk, and sun-dry tree nuts, mainly walnuts, traders and processors come to collect the nuts. Wholesalers and processors normally grade, sort and, if necessary, shell. There are three grades for walnuts based on size, color, and oil content. Locally produced tree nuts are mainly sold in-shell on wet markets without packaging due to the small production scale.

Walnuts, both in-shell and shelled, can be found at local wet markets, wholesale markets, and super markets in larger cities. Sources indicate about 80% of walnuts and imported nuts in bulk or small packages are distributed through chain stores and hypermarkets in urban areas. By the end of 2004, as the retail sector opens wider under China's WTO accession commitment, more foreign retailers are expected to enter China, which would further boost nut sales in the country.

Tree nuts are consumed mainly in more developed areas such as Beijing, Shanghai, and Guangzhou. Aside from TV commercials and other media advertisements, the more frequently used marketing tool is promotion activity within supermarkets and hypermarkets. In addition to traditional processed nuts like salted and honeyed walnut kernels, processors are exploring nut products with more flavors to boost their sales in both domestic and international markets. They also plan to target markets in northeast, northwest and southwest China.

U.S. tree nuts are normally considered high quality products; labeling lower quality nuts as U.S. products or using symbols similar to U.S. products is another practice adopted by small packaging plants. Some processors even use heavy packaging materials to generate more profits.

Some sources indicate if more efforts were made to promote tree nuts as a health/nutrition food (e.g. almonds benefit cardiovascular disease), rather than a snack food, consumption would be boosted.

Tree nuts products should follow the following national standards that were formulated by the Ministry of Health: GB16325-1996 Hygienic Standard of Dried Fruit, GB16326-1996 Hygienic Standard of Nuts, and GB 2760-1996 Hygienic Standard for Use of Food Additives. For imported nut products, if no national standards are in place, specifications stated in the contract should apply.

Dried fruit and nut standards have been revised by the Chinese health department and notified to the WTO in April 2004 (see USDA GAIN reports CH3084 and CH3087) and will soon be put into force. The food additive standard is also available on USDA web site under GAIN report CH1046.

Although the Ministry of Health drafted a Hygienic Standard for Roasted Nuts in late 2002 (see USDA GAIN report CH3039), China has yet to notify the WTO of this new standard before implementation.

Main items to be looked at by the Chinese quarantine authorities (AQSIQ) are acid value, Peroxide, and Aflatoxin B1. Industry people do not see problems in complying with these standards.

PSD Table						
Country	China, Peoples Republic of					
Commodity	Walnuts, Inshell Basis				(HA)(1000 TREES)(MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		10/2002		10/2003		10/2004
Area Planted	890000	890000	900000	916750	0	935000
Area Harvested	750000	750000	765000	779000	0	790000
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	340000	340174	350000	320000	0	350000
Imports	887	1409	1250	1782	0	1500
TOTAL SUPPLY	340887	341583	351250	321782	0	351500
Exports	15202	21906	22000	21000	0	23000
Domestic Consumption	325685	319677	329250	300782	0	328500
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	340887	341583	351250	321782	0	351500